

LANSING BROWNFIELD
REDEVELOPMENT AUTHORITY

JUNE 30, 2004

Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended.

33-7-519

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Local Government Type <input checked="" type="checkbox"/> City <input type="checkbox"/> Township <input type="checkbox"/> Village <input type="checkbox"/> Other		Local Government Name Brownfield Redevelopment Authority of the City of Lansing		County FINANCIAL
Audit Date June 30, 2004	Opinion Date August 20, 2004	Date Accountant Report Submitted to State: On or about December 10, 2004		

We have audited the financial statements of this local unit of government and rendered an opinion on financial statements prepared in accordance with the Statements of the Governmental Accounting Standards Board (GASB) and the *Uniform Reporting Format for Financial Statements for Counties and Local Units of Government in Michigan* by the Michigan Department of Treasury.

We affirm that:

1. We have complied with the *Bulletin for the Audits of Local Units of Government in Michigan* as revised.
2. We are certified public accountants registered to practice in Michigan.

We further affirm the following. "Yes" responses have been disclosed in the financial statements, including the notes, or in the report of comments and recommendations

You must check the applicable box for each item below.

- ☐ Yes ☒ No 1. Certain component units/funds/agencies of the local unit are excluded from the financial statements.
- ☐ Yes ☒ No 2. There are accumulated deficits in one or more of this unit's unreserved fund balances/retained earnings (P.A. 275 of 1980).
- ☐ Yes ☒ No 3. There are instances of non-compliance with the Uniform Accounting and Budgeting Act (P.A. 2 of 1968, as amended).
- ☐ Yes ☒ No 4. The local unit has violated the conditions of either an order issued under the Municipal Finance Act or its requirements, or an order issued under the Emergency Municipal Loan Act.
- ☐ Yes ☒ No 5. The local unit holds deposits/investments which do not comply with statutory requirements. (P.A. 20 of 1943, as amended [MCL 129.91], or P.A. 55 of 1982, as amended [MCL 38.1132]).
- ☐ Yes ☒ No 6. The local unit has been delinquent in distributing tax revenues that were collected for another taxing unit.
- ☐ Yes ☒ No 7. The local unit has violated the Constitutional requirement (Article 9, Section 24) to fund current year earned pension benefits (normal costs) in the current year. If the plan is more than 100% funded and the overfunding credits are more than the normal cost requirement, no contributions are due (paid during the year).
- ☐ Yes ☒ No 8. The local unit uses credit cards and has not adopted an applicable policy as required by P.A. 266 of 1995 (MCL 129.241).
- ☐ Yes ☒ No 9. The local unit has not adopted an investment policy as required by P.A. 196 of 1997 (MCL 129.95).

We have enclosed the following:

	Enclosed	To Be Forwarded	Not Required
The letter of comments and recommendations.			X
Reports on individual federal financial assistance programs (program audits).			X
Single Audit Reports (ASLGU).			X

Certified Public Accountant (Firm Name) Kutas & Associates, P.C.			
Street Address 6017 West St. Joseph		City Lansing	State MI
Accountant Signature <i>Stephen B. Kutas CPA</i>		ZIP 48917	Date 1-24-05

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KUTAS & ASSOCIATES, PC

CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITORS' REPORT

The Board of Directors
Lansing Brownfield Redevelopment Authority

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Lansing Brownfield Redevelopment Authority, a component unit of the City of Lansing, as of and for the year ended June 30, 2004, which collectively comprises the Authority's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Brownfield Lansing Brownfield Redevelopment Authority's management. Our responsibility is to express an opinion on these basic financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall basic financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Lansing Brownfield Redevelopment Authority, as of June 30, 2004, and the respective changes in financial position and cash flows, where applicable, thereof, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated August 20, 2004, on our consideration of the Lansing Brownfield Redevelopment Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

The management's discussion and analysis and budgetary comparison information on pages 2 through 6 and pages 21 through 24 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Lansing Brownfield Redevelopment Authority's basic financial statements. The combining nonmajor fund financial statements and the statistical data are not a required part of the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements of the Lansing Brownfield Redevelopment Authority. The combining nonmajor fund financial statements and the schedule of expenditures of federal awards have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly presented in all material respects in relation to the basic financial statements taken as a whole. The statistical data has not been subjected to the auditing procedures applied in the audit of the basic financial statements and accordingly, we express no opinion on it.

Kutas & Associates, P.C.

August 20, 2004
Lansing, Michigan



DEPARTMENT OF PLANNING AND NEIGHBORHOOD DEVELOPMENT

309 N. WASHINGTON Sq., SUITE 016 • LANSING, MI 48933 • (517) 483-4140 • FAX: (517) 483-6057

ECONOMIC DEVELOPMENT CORPORATION

Tax Increment Finance Authority
Brownfield Redevelopment Authority

Tony Benavides, Mayor

LANSING BROWNFIELD REDEVELOPMENT AUTHORITY

MANAGEMENT'S DISCUSSION AND ANALYSIS

As financial management of the Lansing Brownfield Redevelopment Authority (the Authority), we offer readers of these financial statements this narrative overview and analysis of the financial activities of the Authority for the fiscal year ended June 30, 2004. This discussion and analysis is designed to assist the reader in focusing on significant financial issues and to identify any significant changes in the Authority's financial position. We encourage readers to consider the information presented here in conjunction with the financial statements as a whole.

Financial Highlights

Operating income for the Lansing Brownfield Redevelopment Authority was \$24,202 for the fiscal year ended June 30, 2004. This was a decrease of \$11,373 from the prior year. The term "net assets" refers to the difference between assets and liabilities. At the close of the fiscal year ended June 30, 2004, the Authority had net assets of \$61,138 an increase of \$24,202 over the prior year.

Authority's Highlights

Since the City of Lansing established the Authority in 1997, the Authority has continued to prioritize our brownfield site redevelopment programs which have led to the successful access of federal EPA funds to provide site assessments and cleanup related activities. Having access to these funds during our initial start up years has been critical to gaining both public and private sector support for new investments in our community. Educating both public and private agencies has continued to "spread the word" about the successful results-oriented projects that can and have come to fruition throughout the City and how they can be financially successful ventures for developers and their investors. As community redevelopment agencies, real estate companies and developers become more familiar with the benefits of redeveloping brownfield sites, we expect more projects to be completed. During our current fiscal year ended June 30, 2004, the Authority and the Lansing City Council have approved five new brownfield projects and amended two previously approved brownfield project plans.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the Authority's financial statements; which are comprised of the basic financial statements and the notes to the financial statements. This report also contains other supplementary information concerning the Authority's budget to actual comparisons and comparative financial statements by individual fund.

LANSING BROWNFIELD REDEVELOPMENT AUTHORITY

MANAGEMENT'S DISCUSSION AND ANALYSIS – (Continued)

Basic Financial Statements

The basic financial statements are designed to provide readers with a broad overview of the Authority's finances.

Government-Wide Financial Statements - The statement of net assets presents information on all of the Authority's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the Authority is improving or deteriorating.

The statement of activities presents information showing how the Authority's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying events occur, regardless of the timing of related cash flows. Thus revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

Fund Financial Statements - A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities and objectives. The Authority uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of expendable resources, as well as on balances of expendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for government activities in the government-wide financial statements. By doing so, readers may better understand the long-term effect of the government's near term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balance provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

Internal service funds are the Authority's only type of Proprietary Fund. The Authority uses internal service funds to account for the excess property taxes captured (provided for in the brownfield plans) in excess of the allowable costs. This excess will be used to finance the assessment of new brownfield sites.

Notes to the Basic Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the basic financial statements.

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain supplementary information concerning the Authority's budget to actual comparisons and comparative financial statements by individual fund.

LANSING BROWNFIELD REDEVELOPMENT AUTHORITY

MANAGEMENT'S DISCUSSION AND ANALYSIS – (Continued)

Financial Analysis

Net assets may serve, over time, as a useful indicator of a government's financial position. In the case of the Authority, assets exceeded liabilities by \$61,138 at the close of the fiscal year ended June 30, 2004. This represents an increase of \$24,202 over the previous year, all of which is attributable to operations. All of the Authority's net assets are unrestricted as of June 30, 2004.

The Authority's net assets reflect its capture of property tax revenues for the Brownfield Plan #1 - Rite Aid, which is in excess of the eligible expenses reimbursed to the developer of the Plan and its capture of previously used property site assessment funds from EPA grants.

Net Assets

	<u>2004</u>	<u>2003</u>
Total Assets	\$ 305,317	\$ 194,954
Total Liabilities	<u>244,179</u>	<u>158,018</u>
Total Net Assets	<u>\$ 61,138</u>	<u>\$ 36,936</u>

Changes in Net Assets

	<u>2004</u>	<u>2003</u>
Revenues:		
Program Revenues:		
Grant Revenue	\$ 12,567	\$ 26,464
Application Fees	<u>4,250</u>	<u>-</u>
Total Program Revenues	\$ 16,817	\$ 26,464
General Revenues:		
Property Taxes	247,916	217,294
Interest	<u>1,666</u>	<u>1,857</u>
Total Revenues	\$ 266,399	\$ 245,615
Expenses:		
Redevelopment	<u>\$ 242,197</u>	<u>\$ 210,040</u>
Change in Net Assets	\$ 24,202	\$ 35,575
Net Assets, Beginning of Year	<u>36,936</u>	<u>1,361</u>
Net Assets, End of Year	<u>\$ 61,138</u>	<u>\$ 36,936</u>

LANSING BROWNFIELD REDEVELOPMENT AUTHORITY

MANAGEMENT'S DISCUSSION AND ANALYSIS – (Continued)

Budgetary Highlights

Differences between the original and final budgets are briefly summarized below:

1. The Authority's original budget still anticipated start-up of a project that would qualify for the use of the Environmental Protection Agency Brownfield Cleanup Revolving Loan funds (EPA - BCRLF). The same should also be stated with respect to the Authority's projected expenditures of EPA - BCRLF funds. This project did not occur during the fiscal year ended June 30, 2004.
2. The Authority's original budget projections for tax revenue relating to Plans #6-12 were modestly lower than the amounts actually realized as the respective property's tax capture was higher than originally projected. This could be due to the amount of personal property tax captured that is difficult to estimate when developing brownfield plans.
3. The Authority received an additional US-EPA Grant (HSPSAG) during the fiscal year ended June 30, 2004. A modest amount of these funds were expended for site assessments and administrative fees.
4. The Authority's board adopted new Brownfield Application fees for all brownfield plans/projects. These new fees were implemented in January, 2004.

Differences between the final budgets and actual expenditures are briefly summarized below:

1. The Authority's final budget of the EPA - BCRLF continued to expect certain projects to commence during the fiscal year ended June 30, 2004. These projects have been delayed due to the size of the projects and the complexity in redevelopment activities.
2. The Authority expended a modest amount of funds associated with a new US-EPA HSPSAG Grant received during the fiscal year ended June 30, 2004 for new site assessments and administrative fees.
3. The Authority's final budget of Administrative Expenses were higher than expected due to the new Brownfield Application fees adopted by the LBRA Board of Directors in late, 2003.

Economic Factors and Next Year's Budget

Some of the five (5) new brownfield plans approved in fiscal year ended June 30, 2004 will begin capturing tax revenue in fiscal year ended June 30, 2005. As these new projects commence and are completed over the next year, the Authority's revenues will continue to increase and Authority's expenditures will also continue to increase. Since Plan #1 was completed in 2000, all revenues captured from Plan #1 go into our Revolving Fund to be used to finance the assessment of a few new brownfield sites. In addition, we captured revenues associated with Plan #6 and Plan #8 and reimbursed previously expended EPA grant funds for site assessment activities.

LANSING BROWNFIELD REDEVELOPMENT AUTHORITY

MANAGEMENT'S DISCUSSION AND ANALYSIS – (Continued)

We were notified of our receipt of another US-EPA grant (HSPSAG) in the amount of \$400,000. These grant funds were available on October 1, 2003 and were unanticipated at the time our fiscal year ending June 30, 2004 budget was authorized. These new grant funds can be spent on assessing sites with hazardous or petroleum based contaminants. The Authority began expending these funds during the fiscal year ending June 30, 2004.

The Authority also prepared to issue a taxable bond in early fiscal year ending June 30, 2005 for the benefit of the site remediation at the Boy's Training School (BTS) Project site in the amount of \$ 2,225,000. This new development will result in approximately 170 owner occupied homes being built near Saginaw St. and Pennsylvania Ave.

Requests for Information

This financial report is designed to provide a general overview of the Authority's finances for all those with an interest in its finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Manager, Lansing Brownfield Redevelopment Authority, 309 N. Washington, Suite 016, Lansing, MI 48933.



Patricia A. Cook
Manager

LANSING BROWNFIELD REDEVELOPMENT AUTHORITY
STATEMENT OF NET ASSETS
JUNE 30, 2004

ASSETS

	<u>Governmental Activities</u>
Cash	<u>\$ 305,317</u>

LIABILITIES AND NET ASSETS

Liabilities:	
Accounts Payable	\$ 239,658
Deferred Grant Revenue	<u>4,521</u>
Total Liabilities	\$ 244,179
Net Assets:	
Unrestricted	<u>61,138</u>
	<u>\$ 305,317</u>

See notes to basic financial statements.

LANSING BROWNFIELD REDEVELOPMENT AUTHORITY
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2004

	<u>Governmental Activities</u>
Expenses:	
Redevelopment:	
Administrative Expenses	\$ 25,710
Contracted Services	<u>216,487</u>
Total Program Expenses	\$ 242,197
Program Revenues:	
Grant Revenue	12,567
Application Fees	<u>4,250</u>
Net Program Expense	<u>\$ 225,380</u>
General Revenues:	
Property Taxes	\$ 247,916
Interest	<u>1,666</u>
Total General Revenues	<u>\$ 249,582</u>
Change in Net Assets	\$ 24,202
Net Assets, Beginning of Year	<u>36,936</u>
Net Assets, End of Year	<u><u>\$ 61,138</u></u>

See notes to basic financial statements.

LANSING BROWNFIELD REDEVELOPMENT AUTHORITY
BALANCE SHEET - SPECIAL REVENUE FUNDS
GOVERNMENTAL FUNDS
JUNE 30, 2004

ASSETS

	Plan #2 - Motor Wheel	Plan #8 - David L. Nickelson Development	Other Special Revenue Funds	Total Special Revenue Funds
Cash	\$ 213,582	\$ -	\$ 24,681	\$ 238,263

LIABILITIES AND FUND BALANCE

Liabilities:				
Accounts Payable	\$ 213,582	\$ -	\$ 20,160	\$ 233,742
Deferred Grant Revenue	-	-	4,521	4,521
Total Liabilities	\$ 213,582	\$ -	\$ 24,681	\$ 238,263
Fund Balance:				
Unreserved	-	-	-	-
	\$ 213,582	\$ -	\$ 24,681	\$ 238,263

See notes to basic financial statements.

**RECONCILIATION OF THE BALANCE SHEET - SPECIAL REVENUE FUNDS
OF GOVERNMENTAL FUNDS TO THE STATEMENT OF NET ASSETS**

Amounts reported for governmental activities in the statement of net assets
are different because:

Total Fund Balance - Governmental Funds	\$ -
Activities of internal service fund that are included in governmental activities in the statement of net assets	<u>61,138</u>
Total Net Assets - Government Activities	<u>\$ 61,138</u>

LANSING BROWNFIELD REDEVELOPMENT AUTHORITY
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - SPECIAL REVENUE FUNDS
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2004

	Plan #2 - Motor Wheel	Plan #8 - David L. Nickelson Development	Other Special Revenue Funds	Total Special Revenue Funds
Revenues:				
Property Taxes	\$ 174,993	\$ 26,780	\$ 46,143	\$ 247,916
Grant Revenue	-	-	12,567	\$ 12,567
Total Revenues	\$ 174,993	\$ 26,780	\$ 58,710	\$ 260,483
Expenditures:				
Administrative	\$ 13,750	\$ 1,339	\$ 1,721	\$ 16,810
Capital Projects	161,243	22,232	23,429	206,904
Capital Projects - EPA				
Brownfield Assessment Grant	-	-	3,811	3,811
Capital Projects - EPA Brownfield				
Cleanup Revolving Loan Fund	-	-	8,756	8,756
Total Expenditures	\$ 174,993	\$ 23,571	\$ 37,717	\$ 236,281
Excess Revenues Over Expenditures	\$ -	\$ 3,209	\$ 20,993	\$ 24,202
Transfers to Other Funds	-	(3,209)	(20,993)	(24,202)
Fund Balance, Beginning of Year	-	-	-	-
Fund Balance, End of Year	\$ -	\$ -	\$ -	\$ -

See notes to basic financial statements.

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - SPECIAL REVENUE FUNDS
OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES**

Amounts reported for governmental activities in the statement of activities
are different because:

Net Change in Fund Balance - Total Governmental Funds	\$ -
Activities of internal service fund that are included in governmental activities in the statement of net assets	<u>24,202</u>
Change in Net Assets - Government Activities	<u>\$ 24,202</u>

LANSING BROWNFIELD REDEVELOPMENT AUTHORITY
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
GOVERNMENTAL ACTIVITIES - INTERNAL SERVICE FUNDS
JUNE 30, 2004

ASSETS

	Local Site Remediation Revolving Fund	Local Assessment Revolving Fund	Total Internal Service Funds
Cash	\$ 38,655	\$ 28,399	\$ 67,054

LIABILITIES AND FUND BALANCE

Liabilities:			
Accounts Payable	\$ 5,916	\$ -	\$ 5,916
Net Assets:			
Unrestricted	32,739	28,399	61,138
	\$ 38,655	\$ 28,399	\$ 67,054

See notes to basic financial statements.

LANSING BROWNFIELD REDEVELOPMENT AUTHORITY
STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN NET ASSETS
PROPRIETARY FUNDS
GOVERNMENTAL ACTIVITIES - INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED JUNE 30, 2004

	Local Site Remediation Revolving Fund	Local Assessment Revolving Fund	Total Internal Service Funds
Operating Revenues:			
Interest Income	\$ 1,666	\$ -	\$ 1,666
Application Fees	4,250	-	4,250
Total Revenues	\$ 5,916	\$ -	\$ 5,916
Operating Expenses:			
Administrative Expenses	5,916	-	5,916
Operating Income (Loss)	\$ -	\$ -	\$ -
Transfers In	15,827	8,375	24,202
Change in Net Assets	\$ 15,827	\$ 8,375	\$ 24,202
Net Assets, Beginning of Year	16,912	20,024	36,936
Net Assets, End of Year	<u>\$ 32,739</u>	<u>\$ 28,399</u>	<u>\$ 61,138</u>

See notes to basic financial statements.

LANSING BROWNFIELD REDEVELOPMENT AUTHORITY
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
GOVERNMENTAL ACTIVITIES - INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED JUNE 30, 2004

	Local Site Remediation Revolving Fund	Local Assessment Revolving Fund	Total Internal Service Funds
Cash Flows from Operating Activities:			
Cash received from customers	\$ 4,250	\$ -	\$ 4,250
Cash paid to EDC	(1,857)	-	(1,857)
Interest received	1,666	-	1,666
Net Cash Provided (Used) by Operating Activities	\$ 4,059	\$ -	\$ 4,059
Cash Flows from Noncapital Financing Activities:			
Transfers Received	15,827	8,375	24,202
Net Increase (Decrease) in Cash and Cash Equivalents	\$ 19,886	\$ 8,375	\$ 28,261
Cash and Cash Equivalents, Beginning of Year	18,769	20,024	38,793
Cash and Cash Equivalents, End of Year	<u>\$ 38,655</u>	<u>\$ 28,399</u>	<u>\$ 67,054</u>

**RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH
PROVIDED (USED) BY OPERATING ACTIVITIES**

Operating Income (Loss)	\$ -	\$ -	\$ -
Increase (Decrease) in Accounts Payable	4,059	-	4,059
Net Cash Provided (Used) By Operating Activities	<u>\$ 4,059</u>	<u>-</u>	<u>\$ 4,059</u>

See notes to basic financial statements.

LANSING BROWNFIELD REDEVELOPMENT AUTHORITY
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2004

NOTE 1 - ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The Lansing Brownfield Redevelopment Authority, a component unit of the City of Lansing, was established by the City of Lansing (the City) on August 17, 1997, under the authority contained in Act 381, Michigan Public Acts of 1996 (the Act). The Act authorizes the City to establish a Brownfield Redevelopment Authority and to designate the boundaries of a brownfield redevelopment zone. The Authority is appointed to preside over such a zone, and it is authorized to promote the revitalization of environmentally distressed areas of the City of Lansing. The Act allows the Authority to participate in a broad range of improvement activities intended to encourage the reuse of industrial and commercial property by offering economic incentives for redevelopment to prevent property value deterioration. Tax increment financing plans must be approved by the City.

Tax increment financing permits the Authority to capture tax revenues which are attributable to increases in the value of real and personal property located within an approved project area.

Current activities of the Authority include collections of property tax revenues on brownfield project areas and grant revenues received from the Environmental Protection Agency (EPA).

The accounting policies and financial reporting practices of the Authority conform in all material respects to generally accepted accounting principles as applicable to units of government, as issued by the Governmental Accounting Standards Board (GASB). Proprietary funds apply Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) Opinions issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements, in which case GASB prevails.

The Authority's financial statements include the accounts of all of the Authority's functions and activities. There are no component units.

Encumbrance accounting is not used as a part of the budgetary system. All unexpended appropriations lapse at year-end. While appropriations lapse at the end of the fiscal year, the succeeding year's budget procedures provide for the reappropriation of these funds.

B. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the non-fiduciary activities of the primary government. For the most part, the effect of inter-fund activity has been removed from these statements. Governmental activities are reported separately from business-type activities.

LANSING BROWNFIELD REDEVELOPMENT AUTHORITY
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2004

NOTE 1 - ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES - (Continued)

The statement of activities demonstrates the degree to which the direct expenses of a given function or identifiable activity are offset by program revenues. Direct expenses are those that are clearly identifiable activities with a specific function or identifiable activity. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a function or identifiable activity and 2) grants and contributions that are restricted to meeting the operational requirement of a particular function or identifiable activity. Property taxes not properly included among program revenues are reportable instead as general revenues.

C. Measurement Focus, Basis of Accounting, and Financial Statement Preparation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Authority considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, except for interest on general long-term obligations, which is recorded when due.

All material governmental fund expenditures are classified as current. All governmental fund revenues of the Authority are considered susceptible to accrual.

GASB Statement No. 34 establishes numerical criteria for determining whether a particular governmental fund should be reported in a separate column as a major fund.

The Authority reports the following governmental funds as major funds:

Brownfield Plan #2 – Motor Wheel
Brownfield Plan #8 – David L. Nickelson Development

Additionally, the Authority reports the following fund type:

Internal Service Funds - accounts for the activities of the Local Site Remediation Revolving Fund and the Local Assessment Revolving Fund.

As a general rule the effect of inter-fund activity has been eliminated from the government-wide financial statements.

LANSING BROWNFIELD REDEVELOPMENT AUTHORITY
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2004

NOTE 1 - ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

Amounts reported as program revenues include operating grants and brownfield plan application fees. General revenues include all property taxes, interest and other miscellaneous receipts.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Authority's internal service fund are excess property taxes captured from brownfield plans. Operating expenses for the internal service fund include the administrative expenses of operating the Authority.

D. Use of Estimates

The preparation of financial statements in accordance with generally accepted accounting principles requires the use of management's estimates. Actual results may differ from those estimates.

E. Cash and Cash Equivalents

For purposes of the statement of cash flows, the government's cash and cash equivalents are considered to be cash on hand and short-term investments with original maturities of three months or less from the date of acquisition.

F. Permanent reallocations of resources between funds are classified as inter-fund transfers. For the purpose of the statement of activities, all inter-fund transfers between individual governmental funds have been eliminated.

G. Property taxes (increments) attach as an enforceable lien on property as of the date they are levied. The City and 50 percent of Lansing School District and Lansing Community College taxes are levied and due July 1st and become delinquent after August 31st. The county and the balance of school taxes are levied and due December 1st and become delinquent after February 14th. Property taxes are collected for the Authority through the City. Property tax revenues are recognized as levied upon realization of the purpose levied for and to the extent they result in current receivables. The Authority may only utilize these revenues as authorized in the tax increment financing plan. Property tax revenue is recorded as revenue in the period for which levied.

NOTE 2 - BUDGETARY PROCEDURES

The Authority has established the following procedures for determining the budgetary data presented in the accompanying financial statements:

- (1) The secretary of the Authority's board of directors submits to the City Council of the City of Lansing a proposed operating budget for the fiscal year commencing the following July 1st. The budget includes proposed expenditures and the means of financing them.
- (2) A public hearing is conducted to obtain taxpayer comments.

LANSING BROWNFIELD REDEVELOPMENT AUTHORITY
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2004

NOTE 2 - BUDGETARY PROCEDURES - (Continued)

- (3) Prior to July 1st, the budget is legally adopted by City Council resolution, pursuant to the Uniform Budgeting and Accounting Act (P.A. 621). This act requires that the budget be amended prior to the end of the fiscal year when necessary to adjust appropriations if it appears that revenues and other financing sources will be less than anticipated or to allow expenditures in excess of original estimates. Expenditures shall not be made or incurred unless authorized in the budget and shall not exceed the amount appropriated.
- (4) Formal budgetary integration is employed as a management control device during the year for the funds.
- (5) Budgets are adopted on a basis consistent with generally accepted accounting principles.
- (6) The budget is adopted at the functional level as reported in the budgetary comparison schedules, which are included as required supplementary information. Expenditures may not exceed budget at the functional level.

NOTE 3 - CASH AND INVESTMENTS

At June 30, 2004, the carrying amount of the Authority's money market was \$305,317, and the money market statement balance was \$306,231. Cash in money market funds is not covered by federally insured limits.

NOTE 4 - RELATED PARTY TRANSACTIONS

The Economic Development Corporation of the City of Lansing (EDC) provides administrative services to the Authority; the Authority and EDC share a common board of directors. The Authority also has a contract with EDC that provides for EDC to fund the Authority's project costs in excess of the Authority's available tax capture.

Project expenses paid by EDC charged to the Authority by EDC, were \$5,000. EDC did not incur any additional project costs during the year ended June 30, 2004 that the Authority will be required to reimburse subject to available tax capture. The cumulative costs that are subject to reimbursement are \$12,568 as of June 30, 2004. General administrative expenses paid by EDC charged to the Authority, were \$5,916. EDC also incurred \$5,814 in general administrative expenses during the fiscal year ended June 30, 2004. The cumulative unreimbursed expenses are \$17,384 as of June 30, 2004. The Authority also paid EDC \$11,808 for project administration from the current year property tax capture and \$1,485 for various other expense reimbursements. The Authority has no liability for compensated absences or pension benefits.

**LANSING BROWNFIELD REDEVELOPMENT AUTHORITY
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2004**

NOTE 5 - BROWNFIELD PLAN #3 – TRIANGLE PROPERTY

The Board of Directors of the Lansing Brownfield Redevelopment Authority recommended approval of the Triangle Property as Brownfield Plan # 3 to the Lansing City Council in June 2002. As of June 30, 2004, the Lansing City Council has approved the Plan; however, the Authority has not yet captured any tax revenues related to this Plan.

NOTE 6 - BROWNFIELD PLAN #4 – BWL COAL STORAGE

The Board of Directors of the Lansing Brownfield Redevelopment Authority recommended approval of the BWL Coal Storage as Brownfield Plan # 4 to the Lansing City Council in June 2002. As of June 30, 2004, the Lansing City Council has approved the Plan; however, the Authority has not yet captured any tax revenues related to this Plan.

NOTE 7 - BROWNFIELD PLAN #5c – BTS PROPERTY

The Board of Directors of the Lansing Brownfield Redevelopment Authority recommended approval of the BTS Property as Brownfield Plan #5c to the Lansing City Council in November 2002. Plan Amendment #1 was recommended for approval in May 2003 and Plan Amendment #2 was recommended for approval in November 2003. As of June 30, 2004, the Lansing City Council has approved the amended Plan; however, the Authority has not captured any tax revenues related to this Plan.

**NOTE 9 - BROWNFIELD PLAN #13 – LANSING HOUSING COMMISSION
REDEVELOPMENT PROJECT**

The Board of Directors of the Lansing Brownfield Redevelopment Authority recommended approval of the Lansing Housing Commission Redevelopment Project as Brownfield Plan #13 to the Lansing City Council in May 2003. As of June 30, 2004, the Lansing City Council approved the Plan; however, the Authority has not captured any tax revenues related to this Plan.

NOTE 10 - BROWNFIELD PLAN #14 – PRUDDEN AREA REDEVELOPMENT PROJECT

The Board of Directors of the Lansing Brownfield Redevelopment Authority recommended approval of the Prudden Area Redevelopment as Brownfield Plan #14 to the Lansing City Council in May 2003. Plan Amendment #1 was recommended for approval in June 2004. As of June 30, 2004, the Lansing City Council has approved the Plan; however, the Authority has not captured any tax revenues related to this Plan.

**LANSING BROWNFIELD REDEVELOPMENT AUTHORITY
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2004**

NOTE 11 - BROWNFIELD PLAN #15 – CEDAR PETROLEUM

The Board of Directors of the Lansing Brownfield Redevelopment Authority recommended approval of the Cedar Petroleum site as Brownfield Plan #15 to the Lansing City Council in October 2003. As of June 30, 2004, the Lansing City Council has approved the Plan; however, the Authority has not captured any tax revenues related to this Plan.

NOTE 12 - BROWNFIELD PLAN #16 – METRO FORD

The Board of Directors of the Lansing Brownfield Redevelopment Authority recommended approval of the Metro Ford site as Brownfield Plan #16 to the Lansing City Council in October 2003. As of June 30, 2004, the Lansing City Council has approved the Plan; however, the Authority has not captured any tax revenues related to this Plan.

NOTE 13 - BROWNFIELD PLAN #17 – BUILDER’S PLUMBING & HEATING SUPPLY

The Board of Directors of the Lansing Brownfield Redevelopment Authority recommended approval of the Builder’s Plumbing & Heating Supply site as Brownfield Plan #17 to the Lansing City Council in October 2003. Plan Amendment #17B was recommended for approval in January 2004. As of June 30, 2004, the Lansing City Council has approved the amended Plan; however, the Authority has not captured any tax revenues related to this Plan.

NOTE 14 - BROWNFIELD PLAN #18 – NEOGEN CORPORATION

The Board of Directors of the Lansing Brownfield Redevelopment Authority recommended approval of the Neogen Corporation site as Brownfield Plan #18 to the Lansing City Council in January 2004. As of June 30, 2004, the Lansing City Council has approved the Plan; however, the Authority has not captured any tax revenues related to this Plan.

NOTE 15 - BROWNFIELD PLAN #19 – STYLELINE FURNITURE REDEVELOPMENT

The Board of Directors of the Lansing Brownfield Redevelopment Authority recommended approval of the Styleline Furniture Redevelopment as Brownfield Plan #19 to the Lansing City Council in March 2004. As of June 30, 2004, the Lansing City Council has approved the Plan; however, the Authority has not captured any tax revenues related to this Plan.

LANSING BROWNFIELD REDEVELOPMENT AUTHORITY
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2004

NOTE 16 - INTER-FUND TRANSACTIONS

<u>Transfer from</u>	<u>Transfer to</u>	<u>Amount</u>	<u>Purpose</u>
Brownfield Plan #1 – Rite Aid	Local Site Remediation Revolving Fund	\$ 15,827	Transfer tax collected in plan
Brownfield Plan #6 – BOJI Site	Local Assessment Revolving Fund	5,166	Transfer tax collected in plan
Brownfield Plan #8 – David L. Nicklesen Development	Local Assessment Revolving Fund	<u>3,209</u>	Transfer tax collected in plan
	Total	<u>\$ 24,202</u>	

**LANSING BROWNFIELD REDEVELOPMENT AUTHORITY
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
BROWNFIELD PLAN #2 - MOTOR WHEEL
FOR THE YEAR ENDED JUNE 30, 2004**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Favorable (Unfavorable) Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	
Revenues:				
Property Taxes	\$ 174,242	\$ 174,242	\$ 174,993	\$ 751
Interest	2,614	2,614	-	(2,614)
Total Revenues	<u>\$ 176,856</u>	<u>\$ 176,856</u>	<u>\$ 174,993</u>	<u>\$ (1,863)</u>
Expenditures:				
Administrative	\$ 8,712	\$ 13,750	\$ 13,750	\$ -
Capital Projects	165,530	165,530	161,243	4,287
Total Expenditures	<u>\$ 174,242</u>	<u>\$ 179,280</u>	<u>\$ 174,993</u>	<u>\$ 4,287</u>
Excess Revenues Over Expenditures	\$ 2,614	\$ (2,424)	\$ -	\$ 2,424
Transfers to Other Funds	(2,614)	(2,614)	-	2,614
Fund Balance, Beginning of Year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance, End of Year	<u>\$ -</u>	<u>\$ (5,038)</u>	<u>\$ -</u>	<u>\$ 5,038</u>

See notes to basic financial statements.

**LANSING BROWNFIELD REDEVELOPMENT AUTHORITY
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
BROWNFIELD PLAN #8 - DAVID L. NICKELSEN DEVELOPMENT
FOR THE YEAR ENDED JUNE 30, 2004**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Favorable (Unfavorable) Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	
Revenues:				
Property Taxes	\$ 26,204	\$ 26,204	\$ 26,780	\$ 576
Interest	393	393	-	(393)
Total Revenues	<u>\$ 26,597</u>	<u>\$ 26,597</u>	<u>\$ 26,780</u>	<u>\$ 183</u>
Expenditures:				
Administrative	\$ 1,048	\$ 1,339	\$ 1,339	\$ -
Capital Projects	21,947	22,232	22,232	-
Total Expenditures	<u>\$ 22,995</u>	<u>\$ 23,571</u>	<u>\$ 23,571</u>	<u>\$ -</u>
Excess Revenues Over Expenditures	\$ 3,602	\$ 3,026	\$ 3,209	\$ 183
Transfers to Other Funds	(3,602)	(3,602)	(3,209)	393
Fund Balance, Beginning of Year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance, End of Year	<u>\$ -</u>	<u>\$ (576)</u>	<u>\$ -</u>	<u>\$ 576</u>

See notes to basic financial statements.

**LANSING BROWNFIELD REDEVELOPMENT AUTHORITY
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
LOCAL SITE REMEDIATION REVOLVING FUND
FOR THE YEAR ENDED JUNE 30, 2004**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Favorable (Unfavorable) Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	
Revenues:				
Interest Income	\$ 3,665	\$ 3,665	\$ 1,666	\$ (1,999)
Application Fees	-	-	4,250	4,250
Total Revenues	\$ 3,665	\$ 3,665	\$ 5,916	\$ 2,251
Expenditures:				
Administrative	\$ 3,665	\$ 5,916	\$ 5,916	\$ -
Capital Projects	16,879	16,879	-	16,879
Total Expenditures	\$ 20,544	\$ 22,795	\$ 5,916	\$ 16,879
Excess Revenues Over (Under) Expenditures	\$ (16,879)	\$ (19,130)	\$ -	\$ 19,130
Transfers from Other Funds	15,518	15,518	15,827	309
Net Assets, Beginning of Year	1,361	1,361	16,912	15,551
Net Assets, End of Year	\$ -	\$ (2,251)	\$ 32,739	\$ 34,990

See notes to basic financial statements.

**LANSING BROWNFIELD REDEVELOPMENT AUTHORITY
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
LOCAL ASSESSMENT REVOLVING FUND
FOR THE YEAR ENDED JUNE 30, 2004**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Favorable (Unfavorable) Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	
Revenues:				
Interest Income	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Expenditures:				
Capital Projects	<u>\$ 11,812</u>	<u>\$ 11,812</u>	<u>\$ -</u>	<u>\$ 11,812</u>
Excess Revenues Over (Under) Expenditures	<u>\$ (11,812)</u>	<u>\$ (11,812)</u>	<u>\$ -</u>	<u>\$ 11,812</u>
Transfers from Other Funds	11,812	11,812	8,375	(3,437)
Net Asstes, Beginning of Year	<u>-</u>	<u>-</u>	<u>20,024</u>	<u>20,024</u>
Net Assets, End of Year	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 28,399</u></u>	<u><u>\$ 28,399</u></u>

See notes to basic financial statements.

**LANSING BROWNFIELD REDEVELOPMENT AUTHORITY
COMBINING BALANCE SHEET - OTHER SPECIAL REVENUE FUNDS
GOVERNMENTAL FUNDS
JUNE 30, 2004**

ASSETS

	Plan #1 - Rite Aid	Plan #6 - Boji Development	Plan #9 - Former Schafer Bakery Site
Cash	\$ -	\$ 15,821	\$ -

LIABILITIES AND FUND BALANCE

Liabilities:			
Accounts Payable	\$ -	\$ 15,821	\$ -
Deferred Grant Revenue	-	-	-
Total Liabilities	\$ -	\$ 15,821	\$ -
Fund Balance:			
Unreserved	-	-	-
	\$ -	\$ 15,821	\$ -

See notes to basic financial statements.

Plan #10 - Neogen Corporation Redevelopment	Plan #11 - Neophase Development	Plan #12 - Bean Management	Brownfield Cleanup Revolving Loan Funds	Brownfield Assessment Grant	Total Other Special Revenue Funds
<u>\$ 4,265</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,331</u>	<u>\$ 3,264</u>	<u>\$ 24,681</u>
<u>\$ 4,265</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 74</u>	<u>\$ 20,160</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>1,331</u>	<u>3,190</u>	<u>4,521</u>
<u>\$ 4,265</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,331</u>	<u>\$ 3,264</u>	<u>\$ 24,681</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>\$ 4,265</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,331</u>	<u>\$ 3,264</u>	<u>\$ 24,681</u>

**LANSING BROWNFIELD REDEVELOPMENT AUTHORITY
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - OTHER SPECIAL REVENUE FUNDS
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2004**

	Plan #1 - Rite Aid	Plan #6 - Boji Development	Plan #9 - Former Schafer Bakery Site
Revenues:			
Property Taxes	\$ 15,827	\$ 21,862	\$ 84
Grant Revenue	-	-	-
Total Revenues	<u>\$ 15,827</u>	<u>\$ 21,862</u>	<u>\$ 84</u>
Expenditures:			
Administrative	\$ -	\$ 875	\$ 9
Capital Projects	-	15,821	75
Capital Projects - EPA			
Brownfield Assessment Grant	-	-	-
Capital Projects - EPA Brownfield			
Cleanup Revolving Loan Fund	-	-	-
Total Expenditures	<u>\$ -</u>	<u>\$ 16,696</u>	<u>\$ 84</u>
Excess Revenues Over Expenditures	\$ 15,827	\$ 5,166	\$ -
Transfers to Other Funds	(15,827)	(5,166)	-
Fund Balance, Beginning of Year	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance, End of Year	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

See notes to basic financial statements.

Plan #10 - Neogen Corporation Redevelopment	Plan #11 - Neophase Development	Plan #12 - Bean Management	Brownfield Cleanup Revolving Loan Funds	Brownfield Assessment Grant	Total Other Special Revenue Funds
\$ 4,635	\$ 3,712	\$ 23	\$ -	\$ -	\$ 46,143
-	-	-	8,756	3,811	12,567
<u>\$ 4,635</u>	<u>\$ 3,712</u>	<u>\$ 23</u>	<u>\$ 8,756</u>	<u>\$ 3,811</u>	<u>\$ 58,710</u>
\$ 464	\$ 371	\$ 2	\$ -	\$ -	\$ 1,721
4,171	3,341	21	-	-	23,429
-	-	-	-	3,811	3,811
-	-	-	8,756	-	8,756
<u>\$ 4,635</u>	<u>\$ 3,712</u>	<u>\$ 23</u>	<u>\$ 8,756</u>	<u>\$ 3,811</u>	<u>\$ 37,717</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 20,993
-	-	-	-	-	(20,993)
-	-	-	-	-	-
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

LANSING BROWNFIELD REDEVELOPMENT AUTHORITY
SCHEDULE OF ASSESSMENTS
JUNE 30, 2004
(UNAUDITED)

Project	Assessment		Captured
	Current Base	December 31, 2003	
Rite Aid: Personal, Real	\$ 61,800	\$ 504,520	\$ 442,720
Former Motor Wheel Site Plant: Personal, Real*	6,880,700	6,236,141	4,723,841
BOJI Site: Real*	1,524,164	1,574,975	611,507
CAP LAB, PLC: Real*	148,814	85,361	-
David L. Nicklesen Site: Real	73,140	817,211	744,071
Former Schafer Bakery: Real*	245,000	242,450	2,344
Neogen Corporation: Real	92,552	222,200	129,648
NeoPhase Development: Real	40,919	1,170,155	76,136
Popeye's Real	42,700	43,340	640
	<u>\$ 9,109,789</u>	<u>\$ 10,896,353</u>	<u>\$ 6,730,907</u>

Assessments are stated at the state equalized value as determined by the City of Lansing Assessor's Office.

* Adjustments were made for real non-homestead and/or personal property individual assessment reductions. However, these adjustments do not result in negative tax capture to the Plan.

SINGLE AUDIT

**LANSING BROWNFIELD REDEVELOPMENT AUTHORITY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2004**

<u>Federal Grantor/Program Title/Project Title</u>	<u>Federal CFDA Number</u>	<u>Federal Expenditures</u>
<u>U.S. Environmental Protection Agency</u>		
Brownfield Pilots Cooperative Agreements: Brownfield Cleanup Revolving Loan (BL-97566201-0)	66.811	\$ 8,756
Brownfields Assessment and Cleanup Cooperative Agreements: Brownfield Assessment (BF-96523401-0)	66.818	<u>3,811</u>
Total U.S. Environmental Protection Agency		<u>\$ 12,567</u>
Total All Departments		<u>\$ 12,567</u>

See notes to schedule of expenditures of federal awards.

**LANSING BROWNFIELD REDEVELOPMENT AUTHORITY
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2004**

NOTE A - BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards includes the federal grant activity of Lansing Brownfield Redevelopment Authority and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*.

**LANSING BROWNFIELD REDEVELOPMENT AUTHORITY
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2004**

There were no prior audit findings.



KUTAS & ASSOCIATES, PC

CERTIFIED PUBLIC ACCOUNTANTS

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER
FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

To the Board of Directors
Lansing Brownfield Redevelopment Authority
Lansing, Michigan

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Lansing Brownfield Redevelopment Authority, as of and for the year ended June 30, 2004, which collectively comprises the Authority's basic financial statements and have issued our report thereon dated August 20, 2004. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Authority's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Authority's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

This report is intended solely for the information and use of the Board of Directors, management and federal awarding agencies and is not intended to be and should not be used by anyone other than these specified parties.

Kutas & Associates, P.C.

Lansing, Michigan
August 20, 2004



KUTAS & ASSOCIATES, PC

CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

To the Board of Directors
Lansing Brownfield Redevelopment Authority
Lansing, Michigan

Compliance

We have audited the compliance of the Lansing Brownfield Redevelopment Authority with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2004. The Authority's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the Authority's management. Our responsibility is to express an opinion on the Authority's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Authority's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the Authority's compliance with those requirements.

In our opinion, the Authority complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2004.

Internal Control Over Compliance

The management of the Authority is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the Authority's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

This report is intended for the information and use of the Board of Directors, management and federal awarding agencies and is not intended to be and should not be used by anyone other than these specified parties.

Kutas & Associates, P.C.

Lansing, Michigan
August 20, 2004

**LANSING BROWNFIELD REDEVELOPMENT AUTHORITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2004**

A. Summary of Audit Results

1. The auditors' report expresses an unqualified opinion on the financial statements of the Lansing Brownfield Redevelopment Authority.
2. No reportable conditions disclosed during the audit of the financial statements are reported in the Report on Compliance and on Internal Control over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards.
3. No instances of noncompliance material to the financial statements of the Lansing Brownfield Redevelopment Authority, which would be required to be reported in accordance with *Government Auditing Standards*, were disclosed during the audit.
4. No reportable conditions relating to the audit of internal control over major federal award programs are reported in the Report on Compliance with Requirements Applicable to Each Major Program and Internal Control over Compliance in Accordance with OMB Circular A-133.
5. The auditors' report on compliance for the major federal award programs for the Lansing Brownfield Redevelopment Authority expresses an unqualified opinion on all major federal programs.
6. Audit findings that are required to be reported in accordance with Section 510(a) of OMB Circular A-133 are reported in Part C of this schedule.
7. The programs tested as major programs included: Brownfield Pilots Cooperative Agreements, CFDA No. 66.811 and Brownfields Assessment and Cleanup Cooperative Agreements, CFDA No. 66.818.
8. The threshold used for distinguishing between Type A and B programs was \$300,000.
9. Lansing Brownfield Redevelopment Authority qualified as a low-risk auditee.

B. Findings - Basic Financial Statements Audit

None

C. Findings and Questioned Costs - Major Federal Award Programs Audit

None